

# City of Alma

D.A.R.T. FUND

Annual Financial Statements  
and  
Auditors' Report  
June 30, 2007

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name CITY OF ALMA	County GRATIOT
Fiscal Year End 6.30.07	Opinion Date 11.30.07	Date Audit Report Submitted to State 12.20.07	

We affirm that:

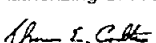
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- |     | YES                                 | NO                                  | Check each applicable box below. (See instructions for further detail.)   |
|-----|-------------------------------------|-------------------------------------|---|
| 1.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.   |
| 2.  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.   |
| 3.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.  |
| 4.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit has adopted a budget for all required funds.   |
| 5.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | A public hearing on the budget was held in accordance with State statute.   |
| 6.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.   |
| 7.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.  |
| 8.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit only holds deposits/investments that comply with statutory requirements.   |
| 9.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the <i>Bulletin for Audits of Local Units of Government in Michigan</i> , as revised (see Appendix H of Bulletin).  |
| 10. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover. |
| 11. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit is free of repeated comments from previous years.  |
| 12. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The audit opinion is UNQUALIFIED.   |
| 13. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).  |
| 14. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The board or council approves all invoices prior to payment as required by charter or statute.  |
| 15. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | To our knowledge, bank reconciliations that were reviewed were performed timely.  |

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) YEO & YEO PC CPAS		Telephone Number 989-463-6108	
Street Address 7810 N. ALGER RD		City ALMA	State MI
Authorizing CPA Signature 		Printed Name THOMAS E. COULTER	License Number 1612544

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## Independent Auditors' Report

Honorable Mayor and Members  
of the City Commission  
City of Alma  
Alma, Michigan

We have audited the accompanying financial statements of the D.A.R.T. Proprietary Fund of the City of Alma as of and for the year ended June 30, 2007, which collectively comprise the D.A.R.T. Fund's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Alma's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements present only the D.A.R.T. Proprietary Fund and do not present fairly the financial position of the City of Alma as of June 30, 2007 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the D.A.R.T. Fund of Alma as of June 30, 2007 and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007 on our consideration of the D.A.R.T. Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the D.A.R.T. Fund's basic financial statements. The accompanying supplementary schedules listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for those schedules marked unaudited, on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Yeo & Yeo, P.C.*

November 30, 2007  
Alma, Michigan

**City of Alma**  
**Dial-A-Ride Fund**  
**Statement of Net Assets**  
**Year Ended June 30, 2007**

	<u>Dial-A-Ride</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 242,793
Investments	742,853
Receivables	
Taxes	852
Customers	404
Accrued interest and other	20,158
Due from other units of government	<u>4,818</u>
Total current assets	<u>1,011,878</u>
Noncurrent assets	
Capital assets, net	<u>613,306</u>
Total assets	<u>1,625,184</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	3,307
Accrued and other liabilities	6,451
Due to other funds	2,003
Due to other units of government	42,711
Current portion of noncurrent liabilities	<u>15,342</u>
Total current liabilities	<u>69,814</u>
Noncurrent liabilities	
Compensated absences payable	<u>10,989</u>
Total liabilities	<u>80,803</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	613,306
Unrestricted	<u>931,075</u>
Total net assets	<u>\$ 1,544,381</u>

**City of Alma**  
**Dial-A-Ride Fund**  
**Statement of revenues, expenses and change in net assets**  
**Year Ended June 30, 2007**

	<u>Dial-A-Ride</u>
<b>Operating revenue</b>	
Customer fees	\$ 69,044
<b>Operating expenses</b>	
Operating expenses	<u>580,232</u>
Operating loss	<u>(511,188)</u>
<b>Nonoperating revenue</b>	
Property taxes	140,409
Federal grants	63,428
State grants	313,249
Interest income	54,416
Other revenue	<u>2,038</u>
Total nonoperating revenues	<u>573,540</u>
Change in net assets	62,352
Net assets - beginning of year	<u>1,482,029</u>
Net assets - end of year	<u>\$ 1,544,381</u>

**City of Alma**  
**Dial-A-Ride Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2007**

	<u>Dial-A-Ride</u>
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 68,640
Payments to suppliers	(86,813)
Payments to employees	(377,621)
Payments for interfund services used	(19,812)
Other payments	(19,168)
	<u>(434,774)</u>
Net cash used by operating activities	
<b>Cash flows from noncapital financing activities</b>	
Service charges from outside customers	2,038
Property taxes	140,767
Federal grant	80,092
State grant	230,075
	<u>452,972</u>
Net cash provided by noncapital financing activities	
<b>Cash flows from capital and related financing activities</b>	
Capital contributions	119,260
Purchases/construction of capital assets	(121,923)
	<u>(2,663)</u>
Net cash used by capital and related financing activities	
<b>Cash flows from investing activities</b>	
Purchases of investments	50,129
Interest received	49,342
	<u>99,471</u>
Net cash provided by investing activities	
	115,006
Net increase in cash and cash equivalents	<u>127,787</u>
Cash and cash equivalents - beginning of year	
	<u>\$ 242,793</u>
Cash and cash equivalents - end of year	

**City of Alma**  
**Dial-A-Ride Fund**  
**Statement of Cash Flows**  
**Year Ended June 30, 2007**

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**Reconciliation of operating income (loss) to net cash  
provided (used) by operating activities**

Operating loss	\$ (511,188)
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization expense	85,570
Changes in assets and liabilities	
Receivables (net)	(404)
Prepaid items	6,527
Accounts payable	<u>(15,279)</u>
Net cash used by operating activities	<u>\$ (434,774)</u>

**City of Alma**  
**D.A.R.T. Fund**  
**Notes to Financial Statements**  
**June 30, 2007**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Alma D.A.R.T. Fund (the "Fund") was organized under the Home Rule Act, Public Act 279 of 1965. It has the capability and the authority to provide public transportation to the general public in the City of Alma. This fund represents only a portion of the financial activity of the City of Alma (the "City") and thus the financial statements are not intended to present fairly the financial position, changes in financial position and cash flows of the City of Alma in conformity with generally accepted accounting principles.

**Reporting entity**

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for the various governmental organizations to be included in the reporting entity. The City of Alma is the primary government which has the oversight responsibility and control over all activities related to the D.A.R.T. Fund. The Fund receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Fund is included in the City of Alma's "reporting entity" as defined by GASB since the City has oversight responsibilities over the Fund. The Fund is included in the City of Alma financial statements as an Enterprise Fund.

The accounting policies of the City of Alma's D.A.R.T. Fund conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies.

**Measurement focus, basis of accounting, and financial statement presentation**

The D.A.R.T. Fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the D.A.R.T. Fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the D.A.R.T. Fund are charges to customers for services. Operating expenses for the D.A.R.T. Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**City of Alma**  
**D.A.R.T. Fund**  
**Notes to Financial Statements**  
**June 30, 2007**

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**Assets, liabilities, and net assets or equity**

Deposits – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Certificate of deposits are stated at cost which approximates fair value.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the statement of net assets. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Building improvements	10 to 40 years
Vehicles	3 to 10 years
Machinery and equipment	5 to 20 years
Office equipment	5 to 20 years

Compensated absences – It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The city allows employees to accumulate unused sick leave to a maximum 720 hours. Sick leave is paid only upon illness while in the employment of the City. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when

employees separate from service with the government.

All vacation pay is accrued when incurred in the Fund financial statements. Earned vacation time is required to be used within two years of accrual with a maximum of 120 hours of carryover. Earned vacation time is paid upon termination. The liability for accrued vacation leave has been recorded as current and noncurrent liabilities.

**Comparative data**

Comparative data is not included in the D.A.R.T. Fund's financial statements.

**NOTE 2 - DEPOSITS**

The D.A.R.T. Fund operates a common checking account with the City of Alma. Surplus funds are invested throughout the year. The City of Alma allocates interest earnings to the participating funds in relation to the average cash balance of each fund.

The breakdown between deposits is as follows:

Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 242,533
Petty cash and cash on hand	<u>260</u>
	<u>\$ 242,793</u>

*Interest rate risk* – The government does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates

*Credit risk* – State statutes and the government's investment policy

**City of Alma**  
**D.A.R.T. Fund**  
**Notes to Financial Statements**  
**June 30, 2007**

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authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

*Concentration of credit risk* – The government has no policy that would limit the amount that may be issued in any one issuer.

*Custodial credit risk - deposits* – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year end, the amount that was exposed to custodial credit risk because it was uninsured and uncollateralized is undeterminable as a result of pooling deposits with the City.

**City of Alma**  
**D.A.R.T. Fund**  
**Notes to Financial Statements**  
**June 30, 2007**

**NOTE 3 - CAPITAL ASSETS**

Capital assets activity of the D.A.R.T. Fund for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>General Fixed Assets</b>				
Capital assets not being depreciated				
Construction in progress	\$ 176,079	\$ 14,709	\$ -	\$ 190,788
Capital assets being depreciated				
Buildings, additions and improvements	89,327	-	-	89,327
Machinery and equipment	72,141	-	-	72,141
Vehicles	523,959	107,214	-	631,173
Total capital assets being depreciated	685,427	107,214	-	792,641
Less accumulated depreciation for				
Buildings, additions and improvements	11,529	4,955	-	16,484
Machinery and equipment	40,376	5,952	-	46,328
Vehicles	232,648	74,663	-	307,311
Total accumulated depreciation	284,553	85,570	-	370,123
Net capital assets being depreciated	400,874	21,644	-	422,518
General capital assets, net	<u>\$ 576,953</u>	<u>\$ 36,353</u>	<u>\$ -</u>	<u>\$ 613,306</u>

**City of Alma**  
**D.A.R.T. Fund**  
**Notes to Financial Statements**  
**June 30, 2007**

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**NOTE 4 - LEASES**

**Operating Leases**

The Fund leases a building under an agreement with the City under a noncancelable operating lease. Total costs for such leases were \$2,100 for the year ending June 30, 2007.

**NOTE 5 - RISK MANAGEMENT**

The government is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Fund participates through the City of Alma in the Michigan Municipal Risk Management Authority (MMRMA), a public entity risk pool for cities, counties, authorities, colleges and other local units of government.

**NOTE 6 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

**Defined benefit pension plan**

Plan description – The D.A.R.T. Fund participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the government. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 447 N. Canal Rd., Lansing, Michigan 48917.

Additional information related to the pension plan can be obtained from the City of Alma's Comprehensive Annual Financial Report, which may be obtained from the Finance Department of the City of Alma.

**NOTE 7 - OTHER POSTEMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 6, D.A.R.T. Fund employees are eligible to receive benefits under the City of Alma's post employment health care plan for eligible retirees and their dependents. Participating retirees are required to pay a set premium for their portion of the costs. The costs for participation in this program were immaterial for the year ended June 30, 2007.

**City of Alma**  
**Dial-A-Ride Fund**  
**Schedule of Operating Revenues**  
**Year Ended June 30, 2007**

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	July 1, 2006 to Sept. 30, 2006	Oct. 1, 2006 to June 30, 2007	Total
Operating revenues			
Customer fares and ticket sales	\$ 17,135	\$ 50,009	\$ 67,144
Advertising	<u>329</u>	<u>1,571</u>	<u>1,900</u>
 Total operating revenues	 <u>\$ 17,464</u>	 <u>\$ 51,580</u>	 <u>\$ 69,044</u>

**City of Alma**  
**Dial-A-Ride Fund**  
**Schedule of Operating Expenses**  
**Year Ended June 30, 2007**

	<u>Operations</u>	<u>Maintenance</u>	<u>General Administrative</u>	<u>Total System</u>
Operating Expenses				
Labor				
Operator's wages and salaries	\$ 181,611	\$ -	\$ -	\$ 181,611
Other wages and salaries	-	20,375	58,107	78,482
Dispatcher	51,342	-	-	51,342
Fringe benefits	53,280	5,447	15,149	73,876
Services	1,130	2,278	19,461	22,869
Materials and supplies consumed				
Fuel and lubricants	30,026	-	-	30,026
Tires and tubes	4,014	-	-	4,014
Other materials and supplies	5,400	15,487	12,387	33,274
Utilities	7,837	-	138	7,975
Casualty and liability costs				
Premiums for public liability and property damage insurance	8,184	-	909	9,093
Leases and rentals	2,100	-	-	2,100
Depreciation	<u>85,570</u>	<u>-</u>	<u>-</u>	<u>85,570</u>
Total operating expenses	<u>\$ 430,494</u>	<u>\$ 43,587</u>	<u>\$ 106,151</u>	<u>\$ 580,232</u>

**City of Alma**  
**Dial-A-Ride Fund**  
**Schedule of Nonoperating Revenues - Local**  
**Year Ended June 30, 2007**

	July 1, 2006 to Sept. 30, 2006	Oct. 1, 2006 to June 30, 2007	Total
Local nonoperating revenues			
Tax levy	\$ 128,201	\$ 12,208	\$ 140,409
Interest income	7,614	46,802	54,416
Other income	-	2,038	2,038
	<u>          </u>	<u>          </u>	<u>          </u>
Total nonoperating revenue - local	<u>\$ 135,815</u>	<u>\$ 61,048</u>	<u>\$ 196,863</u>

**City of Alma**  
**Dial-A-Ride Fund**  
**Schedule of Nonoperating Revenues - State and Federal Grants**  
**Year Ended June 30, 2007**

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State and federal grants	
State of Michigan	
Formula operating assistance	\$ 193,989
Capital grant - Section 5311	<u>119,260</u>
Total state grants	313,249
Federal grants	
U.S. DOT operating grant - Section 5311	<u>63,428</u>
Total nonoperating revenues - state and federal grants	<u>\$ 376,677</u>

**City of Alma**  
**Dial-A-Ride Fund**  
**Schedule of Expenses by Contract and General Operations**  
**Year Ended June 30, 2007**

	<u>RTAP</u>	<u>Operations</u>
Labor	\$ -	\$ 311,435
Fringe benefits	-	73,876
Services	-	22,869
Materials and supplies	855	66,459
Utilities	-	7,975
Casualty and liability costs	-	9,093
Lease and rentals	-	2,100
Depreciation	<u>-</u>	<u>85,570</u>
Total	855	579,377
Less: ineligible expenses	<u>-</u>	<u>78,129</u>
Total eligible expenses	<u>\$ 855</u>	<u>\$ 501,248</u>

**City of Alma**  
**Dial-A-Ride Fund**  
**Schedule of Net Eligible Cost Computations of General Operations**  
**Year Ended June 30, 2007**

	<u>Federal Section 5311</u>		<u>State Operating Assistance</u>	
	<u>July 1, 2006 to Sept. 30, 2006</u>	<u>Oct. 1, 2006 to June 30, 2007</u>	<u>July 1, 2006 to Sept. 30, 2006</u>	<u>Oct. 1, 2006 to June 30, 2007</u>
Expenses				
Labor	\$ 68,743	\$ 242,692	\$ 68,743	\$ 242,692
Fringe benefits	17,124	56,752	17,124	56,752
Services	5,216	17,653	5,216	17,653
Materials and supplies	15,947	51,367	15,947	51,367
Utilities	1,861	6,114	1,861	6,114
Casualty and liability costs	7,663	1,430	7,663	1,430
Lease and rentals	525	1,575	525	1,575
Depreciation	20,908	64,662	20,908	64,662
	<u>137,987</u>	<u>442,245</u>	<u>137,987</u>	<u>442,245</u>
Total expenses				
	<u>137,987</u>	<u>442,245</u>	<u>137,987</u>	<u>442,245</u>
Less ineligible expenses				
Depreciation	18,629	58,330	18,629	58,330
RTAP grant expenses	407	763	407	763
	<u>19,036</u>	<u>59,093</u>	<u>19,036</u>	<u>59,093</u>
Total ineligible expenses				
	<u>19,036</u>	<u>59,093</u>	<u>19,036</u>	<u>59,093</u>
Net expenses	<u>118,951</u>	<u>383,152</u>	<u>118,951</u>	<u>383,152</u>
Eligible under Federal Section 5311	<u>\$ 118,951</u>	<u>\$ 383,152</u>		
Eligible under State Operating grants			<u>\$ 118,951</u>	<u>\$ 383,152</u>
Maximum Section 5311 reimbursement				
FY 06 (17.0%)	<u>\$ 20,222</u>			
FY 07 (16.0%)		<u>\$ 61,304</u>		
Maximum state operating assistance				
FY 06 (38.89%)			<u>\$ 46,255</u>	
FY 07 (32.82%)				<u>\$ 125,764</u>

**City of Alma**  
**Dial-A-Ride Fund**  
**Schedule of Mileage Data (Unaudited)**  
**Year Ended June 30, 2007**

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Demand - Response	
First quarter	18,110
Second quarter	22,660
Third quarter	23,445
Fourth quarter	<u>19,525</u>
Total mileage	<u>83,740</u>

**City of Alma**  
**Dial-A-Ride Fund**  
**Schedule of Ineligible Expenses**  
**Year Ended June 30, 2007**

<u>Program</u>	<u>Finding</u>	<u>Federal Section 5311 and per OMB Circular A-87</u>	<u>State Operating Assistance per Revenue and Expense Manual</u>
Urban Mass Transporation Administration			
Operating Grants:	1. Depreciation: depreciation accrued on contributed capital must be deducted as an ineligible expense.	\$ 76,959	\$ 76,959
	2. Reimbursement: conference expense that was reimbursed by the Dept. of Transportation has been deducted as ineligible.	1,170	1,170
		<u>\$ 78,129</u>	<u>\$ 78,129</u>